

FEB 13 2012

SECRETARY, BOARD OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE DIVISION OF
OIL, GAS, AND MINING'S NOTICE OF
AGENCY ACTION FOR AN ORDER
FORFEITING TO THE STATE OF UTAH
ALL INTEREST IN THE CERTIFICATE OF
DEPOSIT #8632588300 BEING HELD BY
WELLS FARGO BANK FOR AND ON
BEHALF OF THE STATE OF UTAH AS
SURETY FOR THE PLUGGING AND
ABANDONMENT OF THE FOLLOWING
WELL OPERATED BY RICHFIELD
RESOURCES, LLC: PINE WELL SPRINGS
1; IN SANPETE COUNTY, UTAH.

**ORDER TO
PLUG AND ABANDON WELL
AND
FORFEIT SURETY**

Docket No. 2012-002

Cause No. 274-01

The foregoing titled Notice of Agency Action (NAA) filed by the Utah Division of Oil Gas & Mining, ("Division") seeking an Order of the Utah Board of Oil, Gas and Mining (the "Board") requiring that Richfield Resources, LLC ("Richfield") forfeit the bond provided for the purpose of plugging the well and reclaiming the well site, and other relief came during a hearing on Wednesday, January 25, 2012 at a regularly scheduled meeting of the Board. The following members of the Board were present and participated in the hearing: Ruland J. Gill, Jr., Kelley L. Payne, Chris D. Hansen, Carl F. Kendell, Jean Semborski, Jake Y. Harouny, and James T. Jensen, Chairman. Michael Johnson, Assistant Attorney General represented the Board.

Testifying on behalf of Petitioner, the Division, in favor of the forfeiture was Mr. Clinton Dworshak – Compliance Officer. The Division was represented by Steven F. Alder, Esq.,

Assistant Utah Attorney General. Mr. Dworshak's testimony explained what actions the Division had taken before filing the NAA seeking the forfeiture of Richfield's bond.

No persons appeared on behalf of the Respondent, Richfield, or any other party in opposition to the NAA.

The Board, having considered the testimony presented and the exhibits received into evidence at the hearing, being fully advised, and for good cause, hereby makes the following findings of fact, conclusions of law and order in this Cause.

FINDINGS

1. As of January 11, 2011 Richfield is an expired corporation that was once qualified to do business in Utah.
2. Richfield is the designated Operator of the Pine Springs Well 1 oil and gas well drilled at Section 14 Township 13 S, Range 2 E in Sanpete County, Utah.
3. Richfield as Operator is responsible to plug the well and restore the well site.
4. Richfield as Operator provided to the Division a Certificate of Deposit #8632588300 (CD) in an amount of \$30,000.00 held by Wells Fargo Bank as bond to secure the plugging and abandonment of the well as required by Utah Code § 40-6-5(2)(f) and Utah Admin. Code R649-3-1(1).
5. Richfield through its authorized agent executed a Collateral Bond agreement on the Division's form 4B which provides that the CD is payable to the Director of the Division of Oil, Gas and Mining as agent of the State of Utah unless the well is properly plugged and well site restored.

6. Wells Fargo Bank provided the Division a Time Account Receipt/Disclosure (identifying the number and amount of the CD and indicating it is to be automatically renewed), a Time Account Detail (indicating that the CD are subject to a Hold), and a Balance Verification and Pledge Inquiry (indicating the funds had been deposited and that the Division was identified on the account).
7. On March 16, 2011, the Division wrote to inform Richfield that as of January, 2011 its well was in non-compliance for extended shut-in or temporarily abandoned status ("SI/TA status") pursuant to U.A.C. R649-3-36 and requesting that Richfield provide justification for its SI/TA status, a projection of the well's SI/TA duration, and documentation of the well's integrity.
8. On May 26, 2011 Mrs. JoAnn R. Armstrong informed the Division that Mr. Dale E. Armstrong, her husband and President and CEO of Richfield, was deceased and that she was trying to conclude Richfield's responsibilities as outlined in Exhibit C.
9. On December 1, 2011 the Division issued Mrs. Armstrong a letter informing her that the Division would seek an Order requiring the plugging of the subject well as required by the rules.
10. Mrs. JoAnn R. Armstrong has indicated to the Division that she is not involved in the operations of Richfield, that she believes Richfield does not have assets or personnel that would be able to reclaim the well, and that the Division should use the funds held in the CD for that purpose.
11. On January 11, 2012 Wells Fargo mailed to the Division the proceeds of Richfield's bond with the understanding that the Division would not cash the bond without a forfeiture order

from the Board. Wells Fargo was unwilling to continue holding the bond because of perceived liability issues that may arise while waiting for a Board order.

CONCLUSIONS OF LAW

1. Richfield is required to plug and abandon the Pine Springs Well 1 oil and gas well in accordance with the Division's requirements and the requirements of U.A.C. R649-3-24.
2. If Richfield fails to contract for the work within 30 days and/or fails to complete the plugging and abandonment of the well as required with reasonable speed, that surety held to guarantee such work shall be forfeited to the Division, and the Division shall take appropriate action to plug and abandon the well with the funds from the surety.
3. In the event, Richfield fails to plug the well, the Division may take such other actions as are reasonable and necessary to recover the costs of the plugging and abandonment and reclamation work, including recovery of penalties as appropriate in accordance with Utah Code § 40-6-11(3)(b) and (4).

ORDER

Based upon the Request, testimony, and evidence submitted, and the findings of fact and conclusions of law stated above, the Board hereby orders:

1. The Request in this cause is granted.
2. Provided that such order and judgment shall be held in abeyance for 30 days or until March 25, 2012 and provided further that forfeiture of the surety held for this well shall not occur prior to March 25, 2012 to provide opportunity to perform the plugging, abandonment, and reclamation required.

3. Richfield is ordered to immediately commence and complete plugging and reclamation of the well site for the Richfield R5T21S6#1 oil and gas well drilled at the following location in Section 14 Township 13 S, Range 2 E in Sanpete County, Utah.
4. In the event Richfield shall fail to do so, the surety provided to ensure the plugging of said well, to wit: \$30,000 and is currently being held by Division, shall be forfeited to the State of Utah; and
5. The Division shall take such action as necessary and appropriate to plug and abandon the well in the event Richfield fails to do so.
6. Notice re: Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63G-4-208(e) - (g), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order is issued. Utah Code Ann. §§ 63G-4-401(3)(a) and 403. As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63G-4-302, entitled, “Agency Review – Reconsideration,” states:
 - (1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63G-4-301 is unavailable, and if the order would otherwise constitute final agency action, any party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be mailed to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

Id. The Board also hereby notifies the parties that Utah Admin. Code Rule R641-110-100, which is part of a group of Board rules entitled, “Rehearing and Modification of Existing Orders,” states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

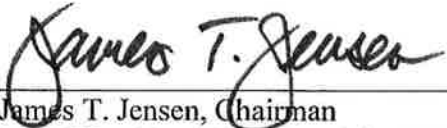
Id. See Utah Admin. Code Rule R641-110-200 for the required contents of a petition for Rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63G-4-302 and the deadline in Utah Admin. Code R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to

rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

7. The Board retains continuing jurisdiction over all the parties and over the subject matter of this cause, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this order by the Utah Supreme Court.

DATED this 13th day of February, 2012.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING



James T. Jensen, Chairman
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing ORDER for Docket No. 2012-002, Cause No. 274-01, to be mailed with postage prepaid, this 13th day of February, 2012, to the following:

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